



Council Agenda Report

To: Mayor Kearsley and the Honorable Members of the City Council

Prepared by: Paul L. Adams, Director of Parks & Recreation *PA*

Approved by: Katie Lichtig, City Manager *Katie*

Date prepared: July 21, 2003 Meeting date: July 22, 2003

Subject: Consideration of Options Regarding the Management of the Proposed Community Center at the Point Dume Site

RECOMMENDED ACTION: Consider options for operation of the proposed Malibu Community Center at Point Dume, determine if action is required at this time and, if so, direct staff appropriately.

FISCAL IMPACT: Undetermined. Specific details of the proposed facilities and programs would be required to provide information on the costs of a city-operated center or of a proposed operating agreement with another agency.

DISCUSSION: At a special Council meeting on July 9, 2003, Beverly Hammond addressed the City Council representing the Pt. Dume Community Services District (PDCSD) with a proposal that the City enter into an agreement allowing the Community Services District to operate the proposed Community Center indicated in the Malibu Bay Company agreement (plan B). The City received a letter proposing the same later that week.

At its July 14, 2003 regular Council meeting, Council directed staff to place an item on the July 22, 2003 special meeting agenda to allow discussion of this issue. Staff has prepared a brief outline of the alternatives and related issues below for Council's consideration.

Alternative 1: City Operated Community Center

The City currently operates a variety of recreational facilities and programs through its Parks & Recreation Department. Administrative and program resources would be shared and the City's current cost recovery policies would be used to set fees to fund the operation of programs and the new facility.

Alternative 2: Joint Powers Agreement or lease with another government agency
This agreement would be similar to existing agreements such as the Agoura/Calabasas Community Center or the Conejo Park District. An agreement or lease with the PDCSD would be consistent with this model. The PDCSD has successfully operated a community center within the City for many years.

Alternative 3: Public/Non-profit Operating Agreement
The City could contract with one or more non-profit agencies to provide services and operation of the Community Center. This could include such agencies as the Boys & Girls Club or the Palisades/Malibu YMCA.

Alternative 4: Public/Private partnership
The City would lease or bid the concession for use of the facilities and programming to a private, for profit business, with guidelines that determine the types of services that the facility would provide. This type of arrangement is more commonly used for activity specific facilities such as a tennis club, skate park or golf course but could be applied to this situation if a willing and qualified concessionaire is available.

Other arrangements can be found in use by other agencies or created to fit our community's specific needs, however, the four alternatives presented represent the four most common methods of addressing the operation of a public recreation facility.

Issues for consideration:

Cost of operation:

Under Alternative 1, the City's Parks & Recreation Department currently has operational and programming resources that could be shared with this new operation and cost recovery fees would be charged for most programs reducing the overall cost of operation. However, it is unlikely that this community center would be operated at 100% cost recovery because of the proposed emphasis on teen and senior programming which typically require subsidy.

Conversely, under Alternative 4, the City would receive lease payments from the concessionaire. If operating costs such as maintenance and utilities are also provided by the concessionaire, the City is left with net revenues that can be used to support other programs within the city.

Alternatives 2 and 3 would be unlikely to generate revenues and could incur costs to the City dependent upon the terms of the agreement. The City may be asked to maintain the building, provide utilities or even subsidize the operation of programs.

Vesting of decision making authority:

The purpose of creating the proposed community center is as a public benefit to the residents of the City of Malibu. As with all resources in our community, there will ultimately be decisions that must be made as to the uses, priorities and policies

associated with this new community benefit. This decision-making authority rests with the City Council and, under the above listed alternatives, may be vested by the Council in another agency. Decisions as simple as placing a priority on more profitable activities such as renting the facilities for weddings or commercial activities over less profitable, community serving programs could greatly impact the value of the proposed facility to the community.

Specifically, this issue must be considered under Alternatives 2; 3 and 4, but is most complicated with Alternative 2 if the PDCSD is selected as the operator as the proposed agency vested with the operating authority has boundaries that do not include all of Malibu. Currently, the PDCSD Board is representative only of the Pt. Dume community, being elected by and from residents of Pt. Dume only. Staff would recommend that a separate Joint Powers board be created encompassing all residents of Malibu if Alternative 2 is chosen.

Viability of business model:

It is important, whatever decision is made, that the partnering agency have a solid and realistic business model. Regardless of the agreement that exists, the operation of this community center will reflect upon the City. An agreement that seems cost effective but fails after a year or two may ultimately cost the City more in the long run. Council should consider financial resources, experience and staff resources of any proposing agency and request that a detailed business plan be provided by any agency prior to entering into an agreement for operation of the proposed community center.

Timing:

The possible opening of the proposed Community Center is many years away. In some cases, this decision would be delayed until construction has begun to ensure that the decisions are based upon the timeliest information. However, in this case there may be justification for making a conceptual determination at this time, due to the community's desire to have a clearer understanding of this issue as they consider the MBC Development Agreement.

ALTERNATIVES: Delay decision until specific designs are available and the community center is preparing to open.

STAFF FOLLOW-UP: As directed by Council.